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ABSTRACT

Discussions were held with 252 respondents (state and local officials, service providers, educators, parents) in 28 states concerning the problems in transition from school to adult services for developmentally disabled young adults. Transition issues were seen to include questions of where to live, what to do, and how to obtain support. The complex nature of the adult service system is noted, and examples of program models identified as innovative are offered, including those focusing directly on transition mechanisms between high school and adult services, as well as those adult service models emphasizing independent or semi-dependent living. The section on information on federal and state expenditures outlines spending by the Health Care Financing Administration, the Social Security Administration, the Office of Human Development Services and the Public Health Service. Two approaches to financing and delivery of adult services are noted: (1) increased reliance on smaller community-based intermediate care facilities and home and community-based care allowed by the Medicaid waiver provisions; and (2) growing use of programs stressing independent living and competitive work. Two appendixes include descriptions of 10 model programs and summaries of major funding programs for developmentally disabled adults. (CL)

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A Program Inspection
on
Transition of Developmentally Disabled
Young Adults from School to
Adult Services



Department of Health and Human Services

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Inspector General

BEST COPY AVAILABLE

April 13, 1984

Summary of Findings

The transition from school to adult services for developmentally disabled young adults is an emerging issue in many parts of the United States and will continue to grow. Families that have kept their children at home and received quality services from the public schools have increased optimism about what their DD children can achieve. Parents are now expecting that appropriate community based services will be made available to their adult children.

- The public schools have no formal responsibility to plan for services for DD young adults after they leave school and the adult service system usually has no single point of responsibility for case management or coordination.
- Gaps in the availability of adult services for DD clients still exist and waiting lists are not uncommon. In some states DD young adults leaving school face competition for services with those being deinstitutionalized. Those DD young adults with behavior problems often face the greatest difficulties in receiving appropriate services.
- Debates continue regarding what the adult service delivery system should look like and approaches vary widely. Some states have made significant efforts to put together comprehensive systems to serve their DD population. At the community level, alternative approaches stressing community placement, use of generic services, independent living and competitive employment are being implemented. But these innovative programs often have limited resources compared with segregated special purpose programs such as ICF/MRs and sheltered workshops.
- The Department of Health and Human Services makes a substantial contribution each year (\$6.62 billion) to support services for the developmentally disabled. A large share of the IHS budget for DD services goes to support institutional care, a needed service for some of the DD population. However, respondents felt that current Federal policy still provides too great an incentive to states and communities to use these services in place of potentially less expensive alternatives.
- The Medicaid waiver provisions of the Omnibus Budget Reconciliation Act of 1981 allow states to develop alternative approaches in providing home and community based care. Many states are hopeful that the waiver will help bring about more cost-effective services for a portion of the adult DD population.
- Some advocates believe that additional savings can also be achieved through increased reliance on small, community based ICF/MRs and greater use of programs which seek to expand the DD client's potential for independent living and competitive work.

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I. Introduction

At the request of the Assistant Secretary for Human Development Services, the Office of the Inspector General conducted a program inspection on the transition of developmentally disabled young adults from school to adult services. In some states, this issue has also been referred to as "the aging out process". During September 1983, face to face discussions and telephone conversations were held with 252 respondents in 28 states. Included among the persons contacted were state and local officials, service providers, educators, parents, and other experts.

The purpose of these discussions was to:

- Determine the extent of the problem with the transition of developmentally disabled young adults from receiving services in the public schools (mandated under P.L. 94-142) to seeking services from a variety of local, state and Federal programs serving the adult DD population.
- Identify program models which have successfully dealt with transition from school and which have improved the adult service delivery system.

II. Overview

P.L. 94-142, (The Education for All Handicapped Children Act of 1975), requires that public schools provide free appropriate public education for all children between the ages of 5 and 21 regardless of handicap. The Act was adopted within the context of an emerging social policy, reinforced by legislation and court decisions on deinstitutionalization, which sought to expand the opportunities for all handicapped people to function in their own communities at the maximum of their capabilities and in the least restricted surroundings.

In each of the next few years there will be about 90,000 DD students leaving school and seeking adult services of some type. While several states have been dealing actively with the transition problem as an urgent matter, in most places it is seen more as an emerging issue related to the convergence of three factors:

- Increased parental expectations for appropriate community services
- Fragmented nature of the existing adult service delivery system
- Continued limited availability of certain adult services.

III. Discussion of the Issue

A. Transition from School

Responsibility for coordination and delivery of services for developmentally disabled children rests in a single source, the school district. The children served by the public schools may still receive a variety of other health and social services from state DD agencies, other Federally funded efforts, and voluntary programs. But the parents know that until their child either graduates from school or reaches the age of 21 there is at least one centralized source, the public school, to which they may turn and against which they can seek administrative or judicial relief, if they are not satisfied. There are now about 1,120,000 developmentally disabled children and young adults enrolled in special education programs in the public schools. This number has been somewhat increased by the rubella epidemic of 1963 - 1965 which affected over 20,000 children who are currently in the process of making the transition to adult services.

In talking about the services provided by the schools and what occurs at the time of transition, respondents noted:

- Parents now have much greater incentives to keep their children at home during their school age years. The array of available school services varies in quality and quantity by school district, but often includes everything from special classes and pre-vocational training to physical and occupational therapy, psychiatric counseling, and special programs for children with speech, hearing, or mobility problems. Where school districts are unable to provide or obtain appropriate services, they may contract with private residential facilities out of the district and sometimes out of state, although this is the exception rather than the rule.
- Each developmentally disabled child in the public schools has a yearly individualized education program (IEP) which details his or her special needs and presents specific steps which will be taken to meet a series of achievement goals. These written plans are available to parents, who are encouraged to participate in the planning process and to carry out activities at home to supplement the school program. By working closely with the schools and by seeing their children progress (often beyond their earlier expectations) many parents develop a growing optimism about what their child may someday achieve and the degree of independence that may be possible.
- The schools have no formal responsibility for developing a program of services for the child after he or she leaves school or for assisting the parent in making contact with other case managers or adult service providers. Some educators explained that their day to day resources were so limited and mandated school responsibilities so great, that someone else would have to coordinate transition.

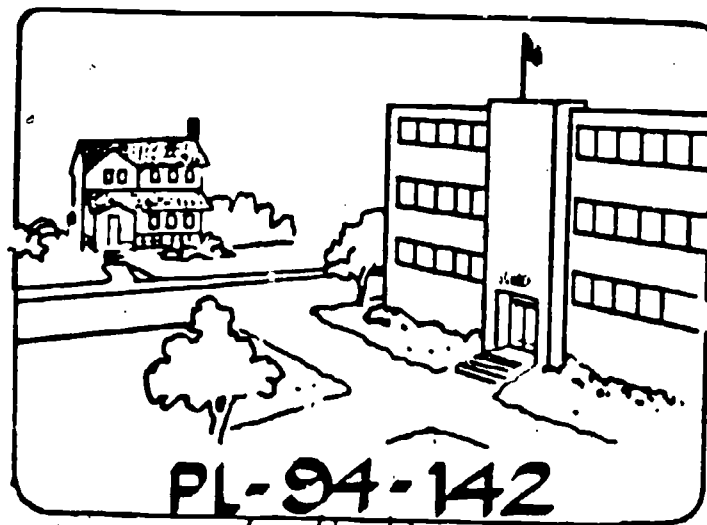
- In many places, parents and families of developmentally disabled children face a time of crisis when their children turn 21 and are no longer eligible for public school services. Many of the parents rejected the option of institutionalizing their child at an early age and instead worked to raise their child's level of independence and integration within the "normal" community. But these parents now find few appropriate non-institutional models available for their grown children. Their other children leave high school and go to work or on to further education. Parents ask the same questions about their developmentally disabled children as they do about their normal children: Where will they live? What will they do? How will they obtain support services?
- Perhaps the most necessary (and often most lacking) services at transition are case management and vocational evaluation. These were seen by respondents as particularly critical because they present the family with a full range of options in relation to the DD young adult's potential. If the family does not have case management services available or an accurate thoughtful evaluation, the client may be placed in an inappropriate setting or tracked into a dead end option which can limit his or her hopes for a full and independent life.
- Increasing numbers of parents are asking not only "where can I place my child?" but "what is the best and fullest life that my child can live?" Quality services and individualized packages of services are more and more in demand. In this context, some of their concern about transition issues reflects society's progress in serving the developmentally disabled because parents are not willing to settle for just any service.

B. Adult Service Delivery System

The adult service delivery system which DD young adults and their parents must confront at the time of transition is complex, diffuse and often uncoordinated. There continue to be gaps in the availability of necessary and appropriate services, with waiting lists for many services that are in place. Although the outreach efforts of service providers vary considerably, parents still have the primary responsibility to seek out appropriate alternatives and negotiate their children's eligibility. As one respondent put it, "Its up to the parents to go shag for services".

It is estimated that almost 80% of the DD population live at home but many of these are school aged children and young adults under 21. As DD young adults grow older, parents seek alternative living arrangements, day activities or work opportunities and appropriate support activities such as income maintenance (SSI/SSDI), medical assistance (Medicaid), case management, transportation, etc. (See Figure 1 on next page.) Options for living arrangements include

FIGURE 1



TRANSITION (AGES 18-25)

WHERE TO LIVE?

WHAT TO DO?

HOW TO GET SUPPORT?



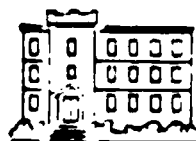
FAMILY HOME
INDEPENDENT LIVING



COMPETITIVE
EMPLOYMENT



VOCATIONAL
EVALUATION



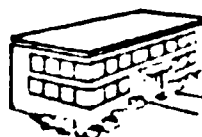
GROUP HOME
FOSTER CARE



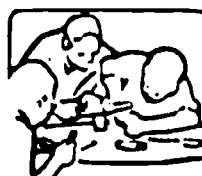
ON-SITE
TRAINING



MEDICAL
ASSISTANCE



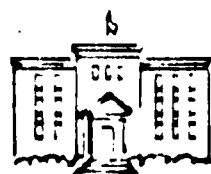
COMMUNITY
ICF/MR



SHELTERED
WORKSHOP



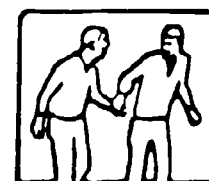
INCOME
MAINTENANCE



STATE
ICF/MR



DAY ACTIVITIES



SOCIAL
SERVICES

staying at home, semi-independent living, group homes, adult foster care, nursing homes, ICF/MRs and state institutions. Day and work activities include achievement centers, sheltered workshops, on site training, and competitive employment. Under optimal conditions, a tailor-made package of living arrangements, day and work activities and support services is put together by a parent or local agency case manager. But where services are lacking or parents do not have full knowledge about available options, the outcome may be less satisfactory.

Overall comments made about this intertwined package of where to live, what to do, and how to obtain support services included:

- Many respondents in the study observed that DD clients are often evaluated and classified into the eligibility categories of available programs instead of receiving a package of services appropriate to meet their individual and particular needs.
- Vocational Rehabilitation programs constitute the largest potential source of evaluation services. Comments on these services varied considerably from severe criticism (e.g., employability criteria) to praise for some recent innovative practices.
- There is often competition for available services between young adults who have lived at home and persons being discharged from state institutions. Some state agencies put pressure on providers to serve the deinstitutionalized clients first.
- Developmentally disabled young adults with emotional and behavior problems are reported to be the most difficult to serve.
- Parents seeking a richer, more independent life for their grown children sometimes must make serious, difficult choices between independence and longer term security for their DD child. This choice is made necessary because some of the most innovative, integrated service delivery programs do not have the assured funding base provided to established institutions or Intermediate Care Facilities for the Mentally Retarded (ICF/MRs).

IV. Examples of Program Models

States and communities are attempting to address the interrelated issues of transition and adult services in varying ways. Particular solutions depend on such factors as available financial resources, general social philosophy, existence of local centers of innovation and expertise, and strength of local advocacy or parents' organizations. While an innovative approach which works well in one situation may not be appropriate or acceptable to people in another, it is possible to identify some program models which respondents consider worthy of replication. A brief overview of a few of these programs (discussed at further length in Appendix 1) illustrates the range of approaches which have been adopted to deal with the transition from school and the adult service delivery system.

A. Transition from School

Several programs are focusing directly on transition mechanisms and are experimenting with ways to improve the link between high school and adult services.

- In the Lane County, Oregon, Transition Project, an individual affiliated with the University of Oregon serves clients from age 16 on, meeting with parents, attending IEP staff meetings, and providing parents with a transition manual. At the beginning of the final school year, the parents, school, and transition project participants complete a comprehensive transition plan.
- In the Utica, New York, Vocational Occupational Rehabilitation in Special Education (VORSE) project, a Vocational Rehabilitation counselor works in each special education district to a) develop a vocational plan for each child and b) provide summer work experience through CETA (now the Job Training Partnership Act). VORSE, run and operated by the District Office of the State Office of Vocational Rehabilitation, is able to habilitate and place these clients at a cost of \$1,200 per job placement, while traditional VR placements are costing \$2,000 each.
- The Madison, Wisconsin, school district employs a transition teacher and several vocational teachers to facilitate the transition of moderately and severely handicapped students directly from school into non-sheltered work. The schools work closely with Vocational Educational Alternatives (VEA), a habilitation/rehabilitation agency which arranges or provides training, placement, job supervision and other support services at integrated community work sites. Between 1971 and 1978 only one of the schools' 53 severely handicapped graduates went on to a nonsheltered workday environment. As a result of the transition and VEA programs, 35 of the 50 leaving school between 1979 and 1983 have been placed in nonsheltered situations. This turnaround has important cost implications. As of January 1983, it cost \$5,251 a year to maintain a Madison School District graduate in a sheltered environment, but only \$1,681 (\$2,203 if one corrects for the somewhat shorter work-day) under the nonsheltered alternative.

In other cases, partly as a result of the deinstitutionalization movement, states are taking greater responsibility for providing a more comprehensive approach to transition from schools. This sometimes includes some continuing responsibility for system-wide coordination and case management even after the young adult enters the adult service delivery system.

- California has established a statewide network of 21 Regional Centers, funded almost entirely from state money, which provide a single point of entry to the adult service system. The centers provide an extensive array of mandated services including social development centers, respite care, recreation programs and workshops. Stress is placed on independent living arrangements and case management. Formal arrangements exist between the Centers and the public schools to ensure transition of the DD young adult, and school IEPs become the first step in further planning for the DD client.
- New Jersey has a statewide, state/school-financed day program for school age severely and profoundly mentally retarded children and an adult training program for anyone judged unemployable by VR. Currently they serve 1,000 children and 2,300 adults and have a large fleet of buses to get persons to and from these programs. Every child in day training automatically moves into the adult program, thus assuring that at least for this group there is no loss of service at age 21. In addition, because there is a working relationship between school districts and DMR, school officials have a mechanism for referring any educable or trainable mentally retarded child who does not fit VR employability criteria.
- North Dakota had at one time one of the highest rates of institutionalization in the United States. As the result of a court order which required drastic changes in the numbers of persons in institutions, the state increased funding for community based services from \$500,000 to \$10 million in one year. In order to rationally implement an accelerated program to build facilities and increase local services, a planning process was started involving representatives of Vocational Rehabilitation, Vocational Education, DD, Department of Education and others. A centralized case management system was implemented to monitor and track DD clients leaving state institutions and those in the public schools.

B. Adult Services

Even the best transition program is inadequate if appropriate adult services are unavailable in the community. As noted earlier, parents increasingly are seeking not simply a transition mechanism but a package of adult services comparable in quality to the services provided under P.L. 94-142. Their search is complicated by the fact that service providers and other professionals in the field are still debating what an appropriate coordinated set of services for the developmentally disabled should look like.

In a number of places around the country, cost effective, usually smaller, programs are emerging which offer alternatives to the traditional service delivery system or which seek, in interesting ways, to make the traditional system work better. These programs place heavy emphasis on independent or semi-independent living,

community integration, maximum use of generic services, on the job training and competitive employment. Much of their effort is based on the philosophy of moving the client into the real world, rather than building a sheltered environment, filling it up and building another. Although not all DD clients are able to take full advantage of these opportunities for independence, these programs have a record of often accepting clients others have refused and moving them to levels of achievement that are beyond previous expectations.

- In Minnesota there are over 313 community-based ICF/MRs, almost all of which have fewer than 15 beds. Residents are encouraged to receive habilitation and other services ... Developmental Achievement Centers during the day, rather than having all services provided at the ICF/MR. The average per diem cost at an ICF/MR here is about \$67 as compared with \$110 at a state hospital. State policy makers are also seeking to reduce cost further and improve community integration by applying for a Medicaid waiver to provide additional semi-independent living services, supervised living arrangements, developmental training homes and in-home family services to persons who would otherwise be placed in an institution. As part of the waiver proposal, the state will seek to limit inappropriate increased demand by targeting a specific number of persons to be served and using objective screening mechanisms to choose these clients.
- Options in Community Living, an apartment living and support program in Madison, Wisconsin, helps developmentally disabled clients find an apartment, locate a roommate, move in, and learn to function as independently as possible in this environment. It then finds or provides whatever support services are deemed necessary. While the costs per client vary considerably, the average client cost is \$240 a month per person. A client receiving \$400 a month in SSI and \$240 in Options services would be costing only \$640 a month in public money, at a time when small group home placements in Madison are costing \$750 to \$800 a month (including SSI).
- The Boston Center for Independent Living, a private non-profit agency, provides training in health maintenance skills, independent living skills and transition living. At an average cost of \$112 per month, the program helps developmentally disabled adults live independently, thereby avoiding more costly alternative arrangements such as group homes or ICF/MRs. With the help of funding from the Administration on Developmental Disabilities of HHS, BCIL is planning a new service, Environmental Support Assistance, to help 12 clients stay in their homes and avoid institutionalization.

- The Macomb-Oakland Regional Center (MORC) in Mt. Clemens, an agency of the Michigan Department of Mental Health, has been described as "the institution that became a community system." MORC serves 90% of its 900 clients - most of whom were previously institutionalized - through group homes, foster homes, or semi-independent living situations. By dispersing clients into group homes (\$80-\$100 per day versus \$150 per day in an ICF/MR) and other less costly residential alternatives, MORC provides a more "normalized" environment at a considerably lower public cost.
- The Eugene, Oregon, Supportive Employment - Specialized Training Program provides paid, long-term community-based structured employment in electronics, electrical and mechanical benchwork assemblies for severely and profoundly retarded adults. This model STP program, in operation 10 years, has been replicated 14 times in 4 states. A 1980 study of five STP's showed that participants were earning an average of \$1.93 an hour, while their counterparts in work activity centers and sheltered workshops earned 43¢ and 58¢ respectively.
- Using the supported work methodology and demonstration funding from the Manpower Research and Development Corporation, the Vera Institute of Justice "Job Path" in New York City seeks to move developmentally disabled young adults from sheltered workshops to competitive employment. The project uses two "account executives" to identify and develop job sites, often with the assistance of a Business-Labor Advisory Council. Then training consultants work with the trainee and on-site supervisor to introduce the trainee to the job. The average training period is about six months and costs \$8,000 to \$10,000. After one year 70% of Vera trainees were still employed and 83% of those placements were in private sector jobs.
- Transition I and II in Barre and Burlington, Vermont are competitive employment projects for the severely handicapped who are mentally retarded and have at least one other disability. Funded by ED/RSA as a 3 year demonstration project, they identify job opportunities, break the job down into its essential components, and then conduct on-the-job training, at a total cost of \$7,000 per placement. Over a three-year period, this \$7,000 compares favorably with the \$15,000 costs of a traditional day/work activity program. Approximately 65% of the placements from Transition Projects will still be on the job three years later, compared with 41.5% of severely disabled RSA Vocational Rehabilitation clients.
- Bay State Skills Corp. (BSSC) is a quasi-public state-funded corporation in Boston that awards grants to educational institutions which link up with one or more private firms and, since 1981, jointly train people for jobs in high growth fields. With an initial grant of \$500,000 from the state, BSSC

began "Supported Work for the Mentally Retarded" -- a program providing mentally retarded adults with work in a structured private-sector work environment to develop their skills and work habits to the point where they can work independently in unsubsidized jobs. At a cost of \$5,000 per client, the program trains and places clients into competitive employment.

V. Estimated Federal and State Expenditures for the Developmentally Disabled
(See Table 1 and Figure 2)

The combined Federal and state expenditures for services to the developmentally disabled are estimated to be \$14.33 billion. Federal expenditures are \$6.93 billion (48%) and state expenditures are \$7.40 billion (52%).

The Department of Education administers school programs for DD children with a Federal cost of \$200 million and vocational rehabilitation services programs for DD adults with a federal cost of \$110 million (together, 5% of all Federal DD costs).

The Department of Health and Human Services administer programs with a Federal cost of \$6.62 billion (95% of all Federal DD costs):

HCFA

The Health Care Financing Administration has the largest share of Federal programs serving the developmentally disabled with a total cost of \$3.63 billion (52% of all Federal DD costs).

- Institutional costs for DD clients constitute 40% of all Federal DD costs while serving only 6% of the DD population. Average state costs for ICF/MRs range from \$24 to \$167 per day or \$8,760 to \$60,955 per year.
- Most respondents felt that many of the DD clients now placed in expensive institutional care could be served more appropriately in less costly and less restrictive settings, and that a portion of the growing ICF/MR budget should be diverted to alternative levels of care.
- Litigation and voluntary efforts aimed at deinstitutionalization are expected to continue to reduce the number of persons in large state institutions. This in turn will put a greater demand on adult service agencies in the community, particularly ICF/MRs.
- Under the Omnibus Budget Reconciliation Act of 1981, states now have some authority to develop alternative home and community based service systems for DD clients who would otherwise be placed in institutions. As of October 20, 1983, 31 states had filed a total of

46 multi-purpose or MR/DD waivers, of which 24 had been approved. During the states' third year of using the waiver, states report they will be serving 9,044 DD people at an estimated average cost of \$16,500 per annum not including SSI or non-institutional medical costs.

SSA

The Social Security Administration administers income maintenance programs (SSI, SSDI) which amount to \$2.3 billion (33% of Federal DD costs).

- SSI and SSDI, coupled with Medicaid, food stamps, Title XX and state programmatic funds, provide the basic means of support for DD clients living at home, independently, in adult foster care, group homes and other non-institutional environments. In a state with a well developed service system the total cost ranges between \$22 and \$40 per day, or \$8,030 to \$14,600 per year.
- Roughly 30% of the DD population (1.1 million out of 3.7 million) receives SSI/SSDI, which constitutes 33% of federal DD costs.

OHDS

The Office of Human Development Services administers programs for the developmentally disabled with a cost of \$619 million (9% of Federal DD costs). Included in OHDS programs are Title XX, \$500 million; the DD Program, \$62 million; AFDC/Foster Care, \$50 million; and Head Start (for DD children), \$7 million.

- OHDS programs provide the Department's primary impetus toward the development and maintenance of community based services. States have used Title XX and DD funds, along with local contributions, to support day activities, case management, respite care, planning, advocacy and other services. AFDC/Foster care funds are used to maintain DD children in family settings outside their natural homes.
- To the extent that agencies and programs (outside the education establishment) supported by Federal funds are thinking about the issue of transition, it is OHDS money that in part supports them.

PHS

The Public Health Service administers programs with a cost of \$67 million (1% of federal DD costs). This primarily goes for such services as PKU screening, lead content screening and crippled children's services provided under the Maternal and Child Health Services Block Grant.

Table 1

Developmental Disabilities Services

Estimated Costs in Millions

Program	Federal	State & Local	Total
<u>DHHS</u>			
<u>HCFA</u>			
SNF, ICF,	\$ 790	\$ 640	\$ 1,430
ICF/MR	1,990	1,620	3,610
Non-Institutional MA	701	574	1,275
Medicare	150	0	150
(Total HCFA)	(3,631)	(2,834)	(6,465)
<u>SSA</u>			
SSI, SSDI	2,300	580	2,880
(Total SSA)	(2,300)	(580)	(2,880)
<u>OHDS</u>			
Title XX	500	300	800
DD	62	14	76
AFDC/Foster Care	50	130	180
Head Start	7	0	7
(Total OHDS)	(619)	(444)	(1,063)
<u>PHS</u>			
PHS	67	7	74
(Total PHS)	(67)	(7)	(74)
TOTAL DHHS	\$6,617	\$3,865	\$10,482
<u>ED</u>			
RSA	110	35	145
Special Education	200	1,400	1,600
TOTAL ED	\$310	\$1,435	\$1,745
<u>Other</u>			
Community MR	0	1,200	1,200
State Institutional	0	900	900
TOTAL OTHER	0	\$2,100	\$ 2,100
TOTAL	\$6,927	\$7,400	\$14,327

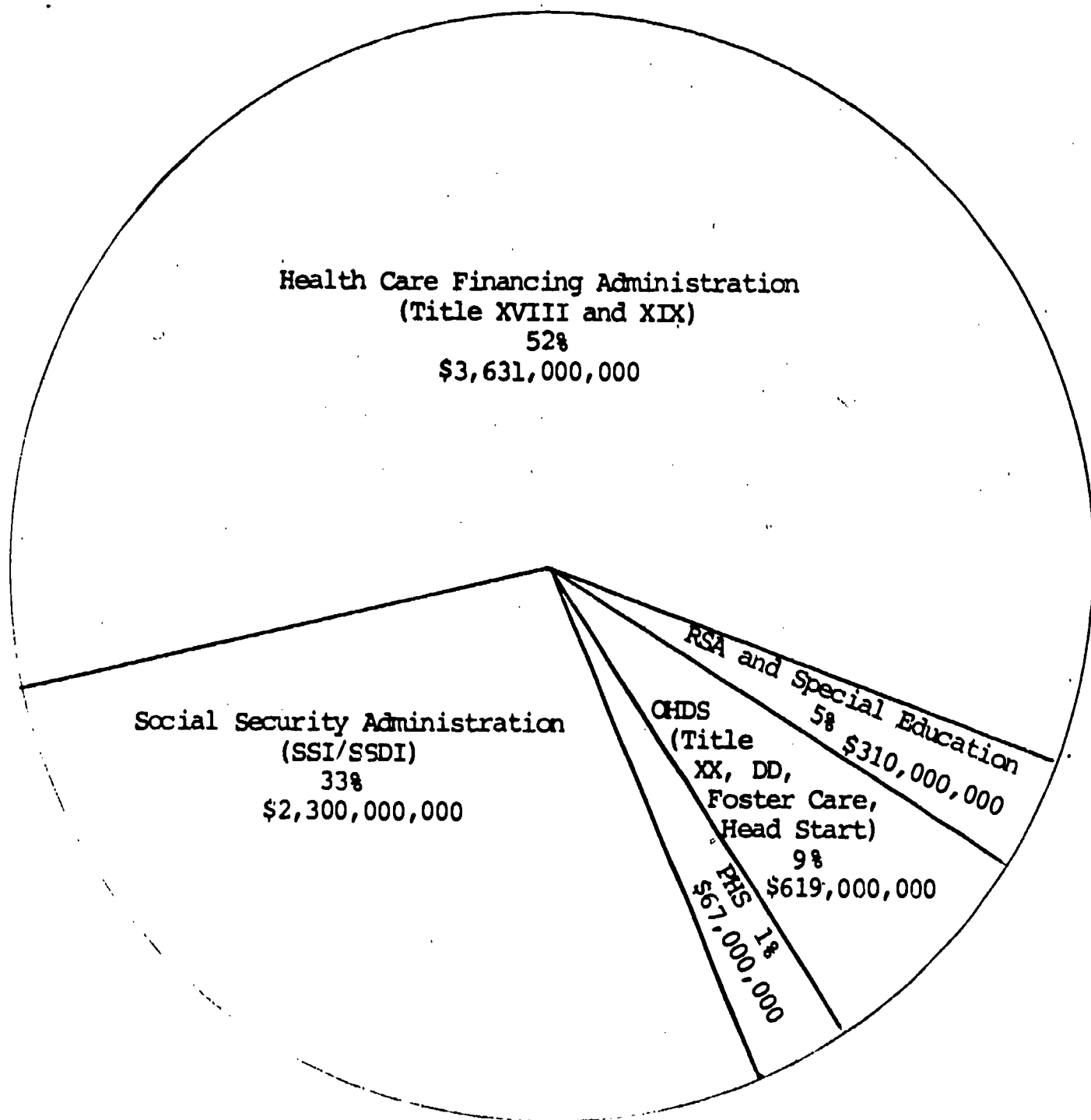
NOTE: These figures are derived from the latest FY data available. They do not include costs for HUD Section 8 or 202 programs, food stamps, Targeted Job Tax Credits or Job Training Partnership Act (formerly CETA) programs.

FIGURE 2

Estimated Annual Federal Expenditures For

DD Services

\$6,927,000,000



VI. Cost Implications

The debate now taking place regarding the make up of an appropriate community based DD service delivery system has cost as well as quality implications. It is expected that parents of DD young adults leaving the public schools will continue to make increased demands for appropriate services. But questions remain regarding where to find the money to fund these services. SSI/SSDI and Medicaid are the only entitlement funds available for non-institutionalized DD adults. The cost of additional programs to support these clients (such as day activities, workshops, rehabilitation, case management, respite care, etc.) come primarily from Title XX, Vocational Rehabilitation and other state and local grants. But major increases in these sources are not expected. In addition, the total cost of institutional care in ICF/MRs continues to increase, growing from \$602 million in 1976 to over \$3.6 billion today. This also places a strain on the ability of many states to put additional funds into non-institutional care.

There are two emerging approaches to the financing and delivery of adult DD services that may help alleviate this situation:

- Increased reliance on smaller community based ICF/MRs and on home and community based care allowed by the Medicaid waiver provisions.

Historically, large state institutions were the primary source of care for the developmentally disabled. Over the last 20 years, the number and proportion of DD clients living in these facilities has steadily declined and there are pressures to reduce this occupancy further. Many of the people leaving these institutions were moved to community located ICF/MRs. Although somewhat smaller in size, these facilities continued to treat residents as patients according to a medical model of care. HCFA (which administers the ICF/MR program) has issued regulations which some feel have reinforced the medical model approach and kept costs fairly high. Some states have tried to modify this situation by using Medicaid ICF/MR funds to purchase some services for residents in locations outside the actual facility.

A little less than half of the DD persons in private ICF/MRs now live in facilities of 15 beds or less. Advocacy groups and others believe that significant cost savings can be achieved if DD persons leaving state insitituions and many of those in larger private facilities are placed in smaller community based institutions. They support the proposed "Community and Family Living Amendments of 1983" which would, over time, limit the payment of Medicaid ICF/MR and SNF funds to care provided in smaller facilities. Even if this proposed legislation is not passed, these groups will continue to pressure states to make increasing use of smaller ICF/MRs, and to take full advantage of the Medicaid waiver provisions.

The waiver provisions of the Omnibus Reconciliation Act of 1981, which gave states the option of providing alternative home and community based services to DD clients, are beginning to have some impact. Although the numbers of persons now served are relatively small, and include mainly persons being discharged from state facilities, the waived services provide examples of alternate approaches which can be made available to DD young adults leaving school. In addition, they provide a funding source to begin to build up resources in communities where they have previously been lacking. The actual results of these waiver actions have not yet been well publicized. While most respondents saw these provisions as a good first step in redesigning the service delivery system, others were concerned about the implied temporary nature of a "waiver" and saw the need for the Federal government to make a more permanent commitment to this approach.

Growing use of programs which seek to enhance the DD clients' potential for independent living and competitive work.

The innovative special programs, discussed above and in more detail in Appendix 1, can be viewed as alternatives to the more traditional model which places emphasis on the building and operation of segregated special purpose programs. The advocates of these newer approaches maintain that, in many cases, they can provide better services at less expense by working to place the DD client in already available private living and work environments. Projected cost savings would come from the limited capital investment required to start these programs, the absorption of overhead by already existing organizations, and the expectation that many DD young adults, previously thought unemployable, can eventually attain competitive employment. By placing more persons in these situations, slots can be opened in existing service programs for those clients truly needing a sheltered environment.

There are a number of current Federal incentives which have the potential to encourage or support these approaches. (See Appendix 2 for a fuller description of Federal programs affecting the developmentally disabled.)

- In some places, Vocational Rehabilitation agencies are beginning to give additional consideration to expanded use of on-site training and habilitation for DD clients.
- The Department of Labor administers several programs to provide incentives to industry to train and employ handicapped workers, including the Job Training Partnership Act and the Targeted Jobs Tax Credit program.

- The Social Security Administration has authority under Section 505 of the Social Security Disability Amendments of 1980, P.L. 96-265, to develop and carry out experimental projects to determine more effective ways of encouraging SSI and SSDI beneficiaries (including the developmentally disabled) to return to work.
- In addition, Section 1619 of the Social Security Act contains provisions for extending Medicaid eligibility for persons no longer receiving SSI benefits, if losing coverage would seriously inhibit continuing employment or if earnings are not great enough to provide a reasonable equivalent of SSI and Medicaid. This availability of Medicaid coverage is particularly important to the DD client because of the frequent incidence of associated medical problems which require adequate health insurance.

Finally, the mainstreaming of adult DD clients requires that all Federal and state generic service programs be truly open to these persons so that they get a full and equal share of the benefits for which they are eligible.

APPENDIX 1

PROGRAM MODELS

Transition Project Lane County, Oregon, School System

An individual affiliated with the University of Oregon is under contract with the county school district to assist parents of developmentally disabled students with transition plans. Clients are served from age 16 on. While schools are not legally obligated to continue this service beyond age 21, the transition advisor continues to assist program graduates past this age when necessary because Adult Services does not perform this function.

This transition counselor meets with parents at the beginning of each school year (in the home, if necessary), attends Individualized Education Program (IEP) staff meetings, provides parents with a transition manual, and encourages parents to join advocacy groups in order to lobby for appropriate adult services.

At the beginning of the final school year, the parents, school and transition project participants complete a comprehensive transition plan delineating time lines and assigning responsibility for assuring income support, vocational and residential placement, leisure activity, transportation, medicine, guardianship, long-term care, insurance, and maintenance of family relationships for the young adult.

Vocational Occupational Rehabilitation in Special Education (VORSE) New York State Office of Vocational Rehabilitation - Utica Office

Vocational Occupational Rehabilitation in Special Education (VORSE) is a demonstration project originally funded by ED/RSA to facilitate the transition of mentally retarded students from high school into competitive employment. It combines VR, vocational education, and special education by putting a VR counselor in each of the BOCES (special multi-county school districts) to develop a vocational plan for each child in special education. They begin planning by age 16 and make the Individual Written Rehabilitation Plan (IWRP) a link to the Individualized Education Program (IEP). Another important component is the summer job experience made possible through CETA (now Job Training Partnership Act). During the summer of 1981, 330 disabled youths were employed, and 156 of these received on-the-job training through "job coach" instructions. As of October 1, 1983, VORSE is fully funded by OVR as a normal component of the Utica office.

VORSE is able to habilitate and place these clients at a cost of \$1,200 per job placement, while traditional VR placements are costing \$2,000 each.

Madison, Wisconsin School District and Vocational Education Alternatives

For the past three years, the Madison, Wisconsin, school system has employed a transition teacher and several vocational teachers to facilitate the transition of moderately and severely handicapped students from the Madison school system into nonsheltered work.

By the final year of school, most students are at the training site (potentially their post-school work site) on a full-time basis, often on a paid basis. During this final year of school, the vocational teachers and transition teacher work closely with Vocational Education Alternatives (VEA), a new (1980) type of vocational habilitation/rehabilitation agency funded by the County Unified Services Board which in turn receives state and Title XX money. VEA arranges or provides training, placement, job supervision and other support services at integrated community work sites. Although the school's legal responsibilities end when the student leaves school in June, the schools have been paying transition teacher salaries during the summer so they can work with VEA during the student's first few months out of school.

While only one of the school's 53 severely handicapped 1971 - 1978 graduates went on to a nonsheltered workday environment, 35 of the 50 leaving school between 1979 and 1983 have been placed in nonsheltered situations. This turnaround has important cost implications. As of January, 1983, it cost \$5,251 a year to maintain a Madison School District graduate in a sheltered environment, but only \$1,681 (\$2,203 if one corrects for the somewhat shorter work-day) under the nonsheltered alternative.

Options in Community Living Madison, Wisconsin

Options in Community Living is an apartment living and support program for developmentally disabled adults wishing independent or semi-independent community living arrangements. Since 1974, the program has grown to serve 95 clients (77 with a primary or secondary MR diagnosis ranging from mild to severe) in apartments rented on the open market and scattered throughout the city. Options staff help the client find an apartment, locate a roommate, move in, learn to operate the appliances, etc., and then find or provide whatever support services are deemed necessary. This package varies considerably over time and from client to client.

While the costs per client also vary considerably, the average client cost is \$240 a month per person, paid by the county's Unified Services Board. A client receiving \$400 a month in SSI and \$240 in Options services would be costing only \$640 a month in public money, at a time when small group home placements in Madison are costing \$750 to \$800 a month (including SSI).

The Boston Center for Independent Living

A private non-profit agency serving the severely physically disabled since 1974, the Boston Center for Independent Living (BCIL) provides rehabilitation services to enable more than 350 mobility impaired individuals to lead independent and productive lives and thereby avoid institutionalization. Approximately 70% of the BCIL clients receiving a full range of independent living services are developmentally disabled.

Clients may receive training in these areas: Health Maintenance Skills (personal care attendant, training/management, personal health care maintenance, emergency medical procedures, and self-care); Independent Living Skills (housing, homemaking, social, financial management, transportation, advocacy, self-help adjustment); Transitional Living (group experience); using Personal Care Attendants; Housing (special needs); and Emergency Protection (legal and financial aid). With the help of funding from the Administration on Developmental Disabilities of HHS (awarded through Boston's Administering Agency for Developmental Disabilities), BCIL is planning a new service, Environmental Support Assistance, to help 12 clients stay in their homes and avoid institutionalization with a specially designed guide to resources in the Greater Boston area.

The program incorporates clients as members of the governing structure through election of a Board of Trustees. Disabled persons also serve as role models to new client/members.

Funding sources in rank order include: Dept. of Public Welfare, Dept. of Mental Health, Title VII, State Independent Living Contract, Administration Agency for Developmental Disabilities, Mass. Rehabilitation Commission, Mass. Comm. for the Blind and private sources.

At an average cost of \$112 per month, the BCIL program helps developmentally disabled adults live independently, thereby avoiding more costly alternative arrangements such as group homes or ICF/MRs.

Other unique features of BCIL that may be disseminated include: programs to keep families with disabled intact by paying family members to care for their adult dependents, self-help respite care cooperatives, and provision of personal care attendants under the Medicaid waiver.

The Macomb-Oakland Regional Center Mt. Clemens, Michigan

The Macomb-Oakland Regional Center (MORC) is an agency of the Michigan Department of Mental Health. Located on a 41 acre site in suburban Mt. Clemens, Michigan (just north of Detroit), MORC has been described as "the institution that became a community system". Over 900 mentally handicapped persons and their families are being served by MORC in conjunction with other private and public non-profit organizations and agencies. While some MORC clients are served in the Regional Center Complex on the grounds, ninety percent are community based in small group homes, specialized foster care, and Alternative Intermediate Services for the Mentally Retarded (AIS/MR).

At \$80-100 per day, the group homes cost considerably less than the typical \$150-per diem ICF/MR in Michigan. By dispersing clients into group homes and other even less costly sites such as foster homes, MORC provides a more "normalized" environment at a considerably lower public cost.

The primary concept and philosophy of MORC is to provide appropriate short-term developmental programs and services for persons returning from state institutions and nursing homes. The present intake ratio is two-thirds from institutions and one-third from communities. Twelve developmental training homes, designed in the duplex tradition, have the capacity to serve 114 severe and profound multi-handicapped retarded persons from the three county catchment area.

In addition, MORC operates a Pre-Vocational Training Program for hard to place clients. The program provides habilitative services such as development of self-help skills, communication skills, vocationally relevant academic skills, work orientation and related skills. Some clients are employed in contract work situations.

Supportive Employment- Specialized Training Program Eugene, Oregon

This Specialized Training Program (STP) provides long-term community-based structured employment to adults who are severely or profoundly retarded. In this facility, electronics, electrical, and mechanical benchwork assemblies are performed and average over \$120 per month in wages to the workers. In addition, this program seeks to normalize the worker's day by supporting opportunities to participate in the community, such as purchasing food and drinks from surrounding restaurants and stores during lunch and breaks. Most workers travel to and from work on public buses and their work day resembles that of any assembly worker from an electronics firm. The shop has 16 handicapped workers, 2 part-time nonhandicapped workers (used to ensure meeting production contracts) and 5 staff members (all of whom provide direct service). The facility is located in a downtown office complex and is supported by commercial revenue and the state Department of Mental Health.

Program staff provide individualized training and service and measure success by production and worker wages. The work is broken down into small individualized tasks and the equipment is adapted to serve the particular handicap.

This model STP program, in operation 10 years, has been replicated 14 times in 4 states. A 1980 study of five STP's showed that participants were earning an average of \$1.93 an hour, while their counterparts in work activity centers and sheltered workshops earned 43¢ and 58¢ respectively. Despite these considerably higher wages, public cost for operation (after an initial two-year start-up period) has not exceeded that of alternative adult day programs.

Vera Institute of Justice "Job Path"

NYC

Using the supported work methodology and demonstration funding from the Manpower Research and Development Corporation, Job Path seeks to move developmentally disabled young adults from sheltered workshops to competitive employment. Most trainees are mildly to moderately retarded, learning disabled, hearing impaired or have well-controlled epilepsy. The project uses two "account executives" to identify and develop job sites, often with the assistance of a Business-Labor Advisory Council. Then training consultants work with the trainee and on-site supervisor to introduce the trainee to the job. During training the trainee earns a minimum wage salary, paid by Job Path at public sites and usually by the potential employer at private ones. Employers receive Targeted Job Tax Credits once the employee is hired. Follow-up visits are made after employment to assure that no job or interpersonal problems are developing.

Job Path prepared 460 trainees between 1978 and 1982. The average training period is about six months and costs \$8,000 to \$10,000. Following this training and placement period, however, there are virtually no additional costs. After one year 70% of Vera trainees were still employed and 83% of those placements were in private sector jobs.

Job Path has been able to demonstrate that developmentally disabled persons formerly in sheltered workshops can find and keep competitive jobs - even in a depressed economy. According to Job Path, this same methodology could be used to help DD young adults make the transition from schools to work. "A statewide network of Job Paths at very little cost could maintain close liaison with public school systems and make it possible to address the needs of those aging-out-of-school students whose abilities may triumph over their disabilities. In so doing, the concept of 'the least restrictive environment' would become 'the most productive environment.'"

Transition I & II Barre and Burlington, Vermont

Transition I & II are competitive employment projects for the severely handicapped who are mentally retarded and have at least one other disability. Funded by ED/RSA as a 3 year demonstration project, they identify job opportunities through one full time staff person working with employers. Once a slot has been identified, a trainer does the job for a couple of days, learning the job and breaking it down into its essential components. The project then identifies, from its waiting list, a trainee that best suits the job requirements. The trainer then does on-the-job training with the trainee until the trainee can successfully do the job. The training averages 55 hours per placement but has gone up to 5 months for some high tech job (e.g., circuit boards).

For the cost of \$7,000 per placement the trainee goes from being dependent on SSI and sheltered workshops to gainful (tax paying) employment. As a result, the three-year cost per client is still little more than \$7,000 while comparable costs for clients in a traditional day/work activity program would be \$15,000. Approximately 65% of the placements from Transition Projects will still be on-the-job three years later, compared with 41.5% of severely disabled RSA/SSA Vocational Rehabilitation clients.

Bay State Skills Corporation
Boston, Mass.

Bay State Skills Corp., (BSSC) is a quasi-public state-funded corporation that awards grants to educational institutions which link up with one or more private firms and, since 1981, jointly train people for jobs in high growth fields.

The State Secretary of Economic Affairs serves as the board's chairperson and, together with representatives from business, industry, government, education and labor, sets policy and funding levels. With an initial grant of \$500,000 from the state, BSSC began "Supported Work for the Mentally Retarded" -- a program providing mentally retarded adults with work in a structured private-sector work environment to develop their skills and work habits to the point where they can work independently in unsubsidized jobs.

The task force governing the Supported Work program includes two private employers, two representatives of advocacy organizations, four state agency representatives and the Executive Director of BSSC. The organizational structure and tight quality control provide a fast conduit for industry and clients to work cooperatively for mutual needs.

In FY '83 the program served 242 clients. Training was conducted in conjunction with over 25 employers throughout the state, primarily in the areas of food services, housekeeping and maintenance. At a cost of \$5,000 per client, the program trains and places clients into competitive employment, thereby saving future public costs for welfare, SSI, etc.

APPENDIX 2

MAJOR FUNDING PROGRAMS FOR DEVELOPMENTALLY DISABLED ADULTS

Supplemental Security Income (SSI)

Title XVI of the Social Security Act, as amended in 1974, authorizes Supplemental Security Income (SSI), a need-based program for the blind, aged or disabled. Disability is defined as a physical or mental impairment which prevents a person from doing any substantial gainful activity and is expected to last for a continuous period of at least 12 months or result in death. In addition to the presence of a disabling condition, an individual has to show low income and possess few assets to qualify for benefits. States may elect to supplement the basic Federal SSI payment. Under Section 1615 of the Act, adult beneficiaries under age 65 must be referred to the state vocational rehabilitation agency.

In FY 1982, 577,210 developmentally disabled children and adults (15% of all beneficiaries) received \$1.500 billion in SSI benefits (17% of all SSI benefits). (These figures include state contributions for states with federally-administered state supplements.)

Social Security Disability Insurance (SSDI)

Section 202(d) of Title II of the Social Security Act of 1935 (as amended in 1956 and 1972) provides Social Security benefits to the children of workers who either are receiving Social Security retirement or disability insurance benefits or died and were insured for Social Security benefits at the time of death. After these children become age 18, they can receive benefits as adult disabled children if they are under a disability which began before age 22.

Section 222 of the Act requires that all individuals who are entitled to as adult disabled children be referred to the state vocational rehabilitation agency. In addition, this section of the statute authorizes the transfer of funds from the Disability Trust Fund to state vocational rehabilitation agencies in order to reimburse such agencies for the provision of certain rehabilitation services provided to disabled Title II beneficiaries.

FY 1981 payments to Adult Disabled Children were \$1.380 billion paid to 441,715 beneficiaries.

Grants to States for Medical Assistance (Medicaid)

The 1965 amendments to the Social Security Act authorized grants-in-aid to states for the establishment of Medical Assistance (Medicaid) programs. Eligibility is based on financial need. Handicapped individuals may be eligible, if they meet the following criteria: (1) Categorically needy. States must cover a) all persons receiving cash benefits under Title IV-A of the Social Security Act (Aid to Families with Dependent Children) and b) either all persons receiving cash benefits under Title IV-A of the Act (Supplemental Security Income) or at least, those who meet additional, more restrictive Medicaid-eligible conditions set by the particular state; (2) Medically needy. In addition, states may elect to cover certain groups of people who have higher incomes, but still cannot afford needed medical assistance. A separate income level is established for these groups. The Federal share of reimbursable costs ranges from 50 to 78 percent, according to a formula which takes into account the state's per capita income.

- Intermediate Care Facilities for the Mentally Retarded (ICF/MR)

In 1971, amendments to Title XIX (P.L. 92-223) authorized Medicaid reimbursement for intermediate care facilities (ICF). Public institutions for the mentally retarded can be certified as ICFs if (1) the primary purpose of the institution, or distinct part thereof, is the provision of health or rehabilitation services to the mentally retarded; (2) institutional residents participating in the program are receiving "active treatment"; (3) the facility is in compliance with HHS standards; and (4) states are maintaining their prior level of state-local fiscal support for facilities certified as ICF/MRs.

In FY 1982, federal and state ICF/MR expenditures were \$3.610 billion, serving 154,000 people.

- Community-Based Care Waivers

The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) added a new provision to Title XIX of the Social Security Act (Section 1915(c)), granting the Secretary of Health and Human Services authority to approve home and community-based care waivers.

These waivers permit states to finance, through the federal-state Medicaid program, non-institutional services for elderly and disabled persons who otherwise would require institutional care.

As of October 20, 1983, 31 states had filed a total of 46 multi-purpose or MR/DD waivers, of which 24 had been approved.

Social Security Disability Amendments of 1980, (Public Law 96-265)

Section 201(a) of P.L. 96-265 adds section 1619 to Title XVI of the Social Security Act, providing "Benefits for Individuals Who Perform Substantial Gainful Activity Despite Severe Medical Impairment". According to 1619(a), SSI beneficiaries whose earnings equal or exceed the substantial gainful activity (SGA) level are entitled to special benefits until countable income reaches the federal "breakeven" point. People who receive the special benefits continue to be eligible for Medicaid on the same basis as regular SSI recipients. States have the option of supplementing the federal benefit standard.

Under 1619(b), a blind or disabled person continues to be eligible for Medicaid even if his or her income is at or above the "breakeven" point (and he or she is no longer getting SSI benefits), if it is determined under regulations that the person (1) would be seriously inhibited in continuing employment through loss of Medicaid eligibility, and (2) does not have earnings high enough to allow him or her to provide a reasonable equivalent of the SSI benefits and Medicaid he or she would have in the absence of earnings.

As of December 1982, 439 people were receiving benefits under 1619(a) and 5,594 under 1619(b).

Section 1619 expires December 31, 1983. A bill has been introduced in the House to extend it.

Section 505 of P.L. 96-265 directs the Secretary of DHHS to develop and carry out experimental projects designed to determine a more effective way of (a) encouraging SSDI disabled beneficiaries to return to work and leave the benefit rolls, and (b) improving administration of the SSI program. For example, such experimental projects might include a) permitting some benefits even when earnings exceed the "substantial gainful activity" limit; b) extending the benefit eligibility period that follows 9 months of trial work, perhaps coupled with benefit reductions related to earnings; c) extending Medicare entitlement for severely impaired beneficiaries who return to work, even though they may no longer be entitled to monthly cash benefits; d) altering the initial 24-month waiting period for Medicare entitlements; and e) stimulating new forms of rehabilitation.

Final regulations for Section 505(b) published in the Federal Register (Vol 48, No. 37) on 23 February, 1983, also include an amendment to the Code of Federal Regulations providing that "If, as a result of participation in a project under this section, a project participant becomes ineligible for Medicaid benefits, the Secretary shall make arrangements to extend Medicaid coverage to such participant and shall reimburse the states for any additional expenses incurred due to such continued participation".

Title XX of the Social Security Act

Title XX of the Social Security Act authorizes block grants to help states provide a broad range of social services to recipients of public assistance and other low-income individuals and families, including the handicapped. In particular, Title XX enables states to a) help individuals achieve or maintain economic self-support, thereby preventing, reducing or eliminating dependency; b) help individuals achieve or maintain self-sufficiency; c) prevent or remedy neglect, abuse, or exploitation of children and adults unable to protect their own interests; d) preserve, rehabilitate or reunite families; e) prevent or reduce inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; f) secure referral or admission to institutional care when other forms of care are not appropriate; or g) provide services to individuals in institutions.

Title XX funds also can be used for a) training workers directly responsible for the provision of social services funded under the act and b) educational institutions preparing students for social services employment.

Federal expenditures for the developmentally disabled under Title XX were \$500 million in 1980.

Developmental Disabilities Assistance and

Bill of Rights Act (1970)

The Developmental Disabilities Assistance and Bill of Rights Act (P.L. 91-517), authorizes grant support for planning, coordinating and delivering specialized services to persons with developmental disabilities. The specific purposes of this title are (a) to assist in the provision of comprehensive services to persons with developmental disabilities, with priority to those persons whose needs cannot be covered or otherwise met under the Education for All Handicapped Children Act, the Rehabilitation Act of 1978, or other health, education, or welfare programs; (b) to assist States in appropriate planning activities; (c) to make grants to States and public and private, nonprofit agencies to establish model programs, to demonstrate innovative habilitation techniques, and to train professional and paraprofessional personnel with respect to providing services to persons with developmental disabilities; (d) to make grants to university affiliated facilities to assist them in administering and operating demonstration facilities for the provision of services to persons with developmental disabilities, and interdisciplinary training programs for personnel needed to provide specialized services for these persons; and (e) to make grants to support a system in each State to protect the legal and human rights of all persons with developmental disabilities.

Federal Developmental Disabilities Assistance expenditures were \$62 million in 1980.

Rehabilitation Act of 1973

(Public Law 93-112)

The Rehabilitation Act of 1973, as amended, authorizes Federal support for training and placing mentally and physically handicapped persons into remunerative employment. The Act defines the term "handicapped individual" to mean "any individual who (1) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment; and (2) can reasonably be expected to benefit from vocational rehabilitation services provided".

Title I of the Act authorizes formula grants to designated state vocational rehabilitation agencies to provide basic rehabilitation services such as counseling, referral, training, physical and mental restoration services, transportation, placement, and income maintenance during the rehabilitation period. State vocational rehabilitation agencies are directed to give priority to serving "those individuals with the most severe handicaps".

For each individual served, state agencies must design an individualized written rehabilitation program (IWRP), jointly developed by the rehabilitation counselor and handicapped individual. FY 1980 appropriations for the developmentally disabled were \$110 million.

Title VI of the Act establishes three special programs aimed at enhancing employment opportunities for handicapped persons: (1) The Community Services Employment Pilot Program provides community employment to handicapped persons referred by state vocational rehabilitation agencies. (2) Projects with Industry enables the Federal government to enter into agreements with individual employers and others to establish jointly financed projects that deliver training and employment services to physically and mentally handicapped persons in a realistic work setting. (3) Section 622 establishes a program to expand opportunities for handicapped persons to open small businesses.

Part A of Title VII authorizes formula grants to state vocational rehabilitation agencies for the provision of independent living services (counseling, housing, transportation, job placements, etc.), with priority given to disabled persons not currently served by other programs under the Rehabilitation or Developmental Disabilities Act. Part B authorizes RSA to make grants to vocational rehabilitation agencies to establish and operate centers for independent living. FY 1983 appropriations for Part B were \$18 million. Part A has never been funded.

Education for all Handicapped Children Act of 1975

(Public Law 94-142)

The Education for all Handicapped Children Act of 1975 requires participating states to furnish all handicapped children with a free, appropriate public education in the least restrictive setting. In addition to formula grants to the states, the legislation authorizes an array of discretionary grant programs aimed at stimulating improvements in educational services for handicapped children. Included are grant programs designed to promote the recruitment and training of special education personnel, the conduct of research and demonstration projects, and the development and dissemination of instructional materials. FY 1980 appropriations for the developmentally disabled were \$200 million.

Targeted Jobs Tax Credit (TJTC)

The Targeted Jobs Tax Credit (authorized by the Internal Revenue Code of 1954, Economic Recovery Tax Act of 1981, and Tax Equity and Fiscal Responsibility Act of 1982) is an elective income tax credit that can be applied to the wages private employers pay to ten targeted groups of employees including 1) SSI recipients; 2) general assistance recipients; 3) handicapped persons referred by state vocational rehabilitation or Veterans Administration programs; 4) 18 to 24 year-olds from economically disadvantaged families; 5) economically disadvantaged Vietnam-era veterans; 6) 16-19 year-olds from economically disadvantaged families who participate in a qualified cooperative education program; 7) economically-disadvantaged ex-offenders; 8) recipients of Aid to Families with Dependent Children (AFDC) and participants in the Work Incentive (WIN) program; 9) involuntarily terminated CETA employees hired before January 1, 1983; and 10) economically disadvantaged 16-17 year old new summer youth employees.

Except in the case of economically disadvantaged summer youth employees (for whom the credit is 85 percent of up to \$3,000) the credit is 50 percent of first year wages up to \$6,000 per employee and 25 percent of second year wages up to \$6,000.

According to U.S. Treasury estimates, recent and projected tax losses incurred under this program are \$235 million in calendar year 1982, \$290 million in calendar year 1983, and \$465 million in calendar year 1984.

Job Training Partnership Act (JTPA)

(Public Law 97-300, October 13, 1982)

JTPA is a block grant, replacing CETA, through which states receive money for job training and disburse it through industrial councils in each service delivery area. The council reviews labor market information and adds its own expertise to select and establish training programs for youth and other targeted groups.

The program went into effect October 1, 1983. Because the program is new, and because federal guidelines regarding target groups are very loose, it is impossible to estimate potential DD benefits. Total FY 1984 allocation is 2 billion dollars.

JTPA also funds some national programs for the developmentally disabled. During FY 1984, for example, the Association for Retarded Citizens will receive \$1,680,000 to recruit, train and place mild to moderately retarded clients. Similarly, United Epilepsy has a \$695,000 training contract for FY 1984.